



House Bill No. 7108

Public Act No. 07-14

AN ACT PROHIBITING BANK BRANCHING IN CERTAIN RETAIL LOCATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsections (a) to (c), inclusive, of section 36a-145 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Branch" means any office at a fixed location of a Connecticut bank, other than the main office, at which deposits are received, checks paid and money lent and which, at a minimum, is open for banking business Monday through Friday, except as provided in subsection (a) of section 36a-23.

(2) "Commercial activities" means activities in which a bank holding company, as defined in 12 USC 1841(a)(1), a financial holding company, as defined in 12 USC 1841(p), a national banking association established under 12 USC 21, or a financial subsidiary of a national bank established under 12 USC 24a, may not engage under federal law.

[(2)] (3) "Consolidate" means to combine within the same

House Bill No. 7108

neighborhood, without substantially affecting the nature of the business or customers served, (A) two or more branches into a single branch; (B) one or more branches and one or more limited branches into a single branch or limited branch; (C) two or more limited branches into a single limited branch; or (D) one or more branches or limited branches into a main office.

[(3)] (4) "Limited branch" means any office at a fixed location of a Connecticut bank at which banking business is conducted other than the main office, branch or mobile branch.

[(4)] (5) "Mobile branch" means any office of a Connecticut bank at which banking business is conducted which is in fact moved or transported to one or more predetermined locations in accordance with a predetermined schedule.

[(5)] (6) "Relocate" means to move within the same immediate neighborhood without substantially affecting the nature of the business or customers served.

(b) (1) With the approval of the commissioner, any Connecticut bank may establish a branch in this state. The commissioner shall not approve the establishment of a branch under this subsection unless the commissioner considers whether: (A) Establishment of the branch is consistent with safe and sound banking practices; and (B) the branch will promote the public convenience and advantage. The commissioner shall not approve the establishment of any branch under this subsection unless the commissioner makes the findings required under section 36a-34. No Connecticut bank may establish or maintain a branch in this state on the premises or property of an affiliate of such bank if the affiliate engages in commercial activities.

(2) For a period of three years following the issuance of its final certificate of authority pursuant to subsection (1) of section 36a-70, a

House Bill No. 7108

Connecticut bank may, with thirty days' prior notice to the commissioner, establish a branch in this state if the proposed branch was approved as part of the application to organize such bank, unless the commissioner requires an approval pursuant to subdivision (1) of this subsection.

(3) With the approval of the commissioner, any Connecticut bank may convert a limited branch in this state to a branch. The commissioner shall not approve a conversion under this subdivision unless the commissioner considers such factors and makes such findings under subdivision (1) of this subsection as the commissioner deems applicable.

(c) (1) With the approval of the commissioner, any Connecticut bank may establish in this state a limited branch that provides limited services or is open for limited time periods. The commissioner shall not approve the establishment of a limited branch under this subdivision unless the commissioner considers such factors and makes such findings under subdivision (1) of subsection (b) of this section as the commissioner deems applicable. The commissioner shall approve such establishment if the commissioner determines that: (A) The interest of the neighborhood where the limited branch is to be located will be served to advantage by the establishment of the proposed branch, and (B) the proposed products, services and banking hours are appropriate to meet the convenience and needs of the neighborhood. No Connecticut bank may establish or maintain a limited branch in this state on the premises or property of an affiliate of such bank if the affiliate engages in commercial activities.

(2) For a period of three years following the issuance of its final certificate of authority pursuant to subsection (l) of section 36a-70, a Connecticut bank may, with thirty days' prior notice to the commissioner, establish a limited branch in this state if the proposed limited branch was approved as part of the application to organize

House Bill No. 7108

such bank, unless the commissioner requires an approval pursuant to subdivision (1) of this subsection.

(3) With the approval of the commissioner, any Connecticut bank may convert a branch in this state to a limited branch. The commissioner shall not approve a conversion under this subdivision unless the commissioner considers such factors and makes such findings under subdivision (1) of subsection (b) of this section as the commissioner deems applicable, and the commissioner determines that alternative banking services are available in the neighborhood so that any reduction in services will not result in unmet banking needs.

(4) With the approval of the commissioner, any Connecticut bank may establish in this state a special need limited branch that provides limited services or is open for limited time periods in order to meet a special need of the neighborhood in which such limited branch is to be located. The commissioner shall not approve the establishment of a special need limited branch under this subdivision unless the commissioner considers such factors and makes such findings and determinations under subdivision (1) of this subsection as the commissioner deems necessary.

(5) A limited branch shall be conspicuously identified as a branch of the Connecticut bank. The commissioner may condition the approval of such branch with any other requirement that the commissioner deems necessary or appropriate for the protection of depositors or the Connecticut bank.

Sec. 2. Section 36a-410 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in sections 36a-410 to 36a-413, inclusive, as amended by this act, unless the context otherwise requires:

(1) "Branch" means a domestic branch as defined in 12 USC Section

House Bill No. 7108

1813, as from time to time amended, except that "branch" includes any branch bank, branch office, branch agency, additional office, or any branch place of business at which fiduciary or trust powers are exercised;

(2) "Commercial activities" has the same meaning as provided in subsection (a) of section 36a-145, as amended by this act;

[(2)] (3) "Connecticut holding company" means any holding company whose home state is this state;

[(3)] (4) "De novo branch" means a branch of a bank or an out-of-state bank other than a foreign bank, which:

(A) Is originally established by such bank or out-of-state bank; and

(B) Does not become a branch of such bank or out-of-state bank as the result of (i) the acquisition by the bank or out-of-state bank of an insured depository institution or a branch of an insured depository institution; or (ii) the conversion, merger or consolidation of any such institution or branch;

[(4)] (5) "Home state" means: (A) With respect to a federally-chartered bank, the state in which the main office of the bank is located; (B) with respect to a foreign bank, the state which is the home state of the foreign bank under the International Bank Act of 1978, 12 USC Section 3101 et seq., as from time to time amended, if any, or the foreign country by which such bank is chartered; (C) with respect to a state-chartered bank, the state by which such bank is chartered; (D) with respect to a bank holding company, the state in which the total deposits of all banking subsidiaries of such company are the largest on the later of July 1, 1966, or the date on which the company became a bank holding company under the federal Bank Holding Company Act of 1956, 12 USC Section 1841 et seq., as from time to time amended, and in the case of any such company that holds a banking subsidiary

House Bill No. 7108

that functions solely in a trust or fiduciary capacity, the state in which the total of such trust or fiduciary assets of such subsidiaries were the largest on the date such company became a bank holding company; and (E) with respect to a savings and loan holding company, the state in which the total deposits of all savings and loan association subsidiaries of such company were the largest on the date on which the company became a savings and loan holding company and, in the case of any such company that holds a savings and loan association subsidiary that functions solely in a trust or fiduciary capacity, the state in which the total of such trust or fiduciary assets of such subsidiaries were the largest on the date on which such company became a savings and loan holding company;

[(5)] (6) "Out-of-state holding company" means any holding company whose home state is a state other than this state or whose home state is a foreign country.

Sec. 3. Subsection (a) of section 36a-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Any out-of-state bank, whether or not owned or controlled by an out-of-state holding company, may, with the approval of the commissioner, merge or consolidate with or acquire a branch or significant part of the assets or ten per cent or more of the stock of a bank provided such bank has been in existence and continuously operating for at least five years, unless the commissioner waives this requirement, where the institution resulting from any such merger or consolidation is an out-of-state bank, provided the laws of the home state of such out-of-state bank authorize, under conditions no more restrictive than those imposed by the laws of this state as determined by the commissioner, a bank to merge or consolidate with or purchase a branch or significant part of the assets or ten per cent or more of the stock of an out-of-state bank whose home state is such state. Such

House Bill No. 7108

merger, consolidation or acquisition shall not take place if the out-of-state bank, including all insured depository institutions which are affiliates of the out-of-state bank, upon consummation of the merger, consolidation or acquisition, would control thirty per cent or more of the total amount of deposits of insured depository institutions in this state, unless the commissioner permits a greater percentage of such deposits. Any such merger, consolidation or acquisition of assets or stock shall be effected in accordance with and subject to the filing requirements and any limitations imposed by the laws of this state with respect to mergers, consolidations and acquisitions between banks. Any such out-of-state bank that engages in business in this state shall comply with the requirements of section 33-920 or subsection (a) of section 33-1210. Before approving any such merger, consolidation or acquisition, the commissioner shall make such considerations, determinations and findings as required by the laws of this state with respect to mergers, consolidations and acquisitions between banks and, in addition, shall consider whether such merger, consolidation or acquisition can reasonably be expected to produce benefits to the public and whether such benefits clearly outweigh possible adverse effects, including, but not limited to, an undue concentration of resources and decreased or unfair competition. The commissioner shall not approve such merger, consolidation or acquisition unless the commissioner considers whether: (A) The investment and lending policies of the out-of-state bank, in the case of a merger or acquisition of assets, or the proposed investment and lending policies of the bank, in the case of an acquisition of stock, or of the institution that will result from a consolidation, are consistent with safe and sound banking practices and will benefit the economy of this state; (B) the services of the bank or branch to be acquired, or of the institution that will result from a merger, or the proposed services of the institution that will result from a consolidation, are consistent with safe and sound banking practices and will benefit the economy of this state; (C) the merger, consolidation or acquisition will not substantially lessen

House Bill No. 7108

competition in the banking industry of this state; (D) in the case of a merger or consolidation or the acquisition of twenty-five per cent or more of such stock, the out-of-state bank (i) has sufficient capital to ensure, and agrees to ensure, that the bank to be acquired or the institution that will result from the merger or consolidation will comply with applicable minimum capital requirements, and (ii) has sufficient managerial resources to operate the bank to be acquired or the institution that will result from the merger or consolidation in a safe and sound manner; and (E) the out-of-state bank is in compliance with applicable minimum capital requirements. The commissioner shall not approve such merger, consolidation or acquisition unless the commissioner makes the findings required by section 36a-34. Any out-of-state bank that merges or consolidates with or acquires a branch pursuant to this subdivision may establish additional branches in this state.

(2) Any out-of-state bank, other than a foreign bank, may, with the approval of the commissioner, and in accordance with the provisions of this subdivision, establish a de novo branch in this state. Such establishment shall not take place unless the laws of the home state of such out-of-state bank authorize, under conditions no more restrictive than those imposed by the laws of this state, as determined by the commissioner, a bank to establish a de novo branch in the home state of such out-of-state bank, provided the commissioner may waive such reciprocity requirement for the establishment of a de novo branch the activities of which are limited to the exercise of fiduciary or trust powers if the commissioner finds that such establishment will result in net new benefits to this state. Any request for such waiver of reciprocity submitted by an out-of-state bank shall include a detailed statement of the reasons for the request and statistical and other information to support a finding of such net new benefits. Any such establishment shall be effected in accordance with and subject to the filing requirements and any limitations imposed by section 36a-145.

House Bill No. 7108

Any such out-of-state bank that engages in business in this state shall comply with the requirements of section 33-920 or subsection (a) of section 33-1210. Before approving any such establishment, the commissioner shall make such considerations, determinations and findings as required by section 36a-145 and, in addition, shall consider whether such establishment can reasonably be expected to produce benefits to the public and whether such benefits clearly outweigh possible adverse effects, including, but not limited to, an undue concentration of resources and decreased or unfair competition. The commissioner shall not approve such establishment unless the commissioner considers whether: (A) The investment and lending policies of the out-of-state bank are consistent with safe and sound banking practices and will benefit the economy of this state; (B) the proposed services of the branch are consistent with safe and sound banking practices and will benefit the economy of this state; (C) the establishment will not substantially lessen competition in this state; (D) the out-of-state bank is adequately managed and will continue to be adequately managed upon establishment of such branch; and (E) the out-of-state bank is in compliance with applicable minimum capital requirements. The commissioner shall not approve such establishment unless the commissioner makes the findings required by section 36a-34. An out-of-state bank which has established a de novo branch in this state in accordance with this subdivision may establish additional branches in this state, provided the activities of such additional branches of an out-of-state bank for which the commissioner waived such reciprocity requirement shall be limited to the exercise of fiduciary or trust powers. As used in this subdivision, "net new benefits" means (i) initial capital investments, including any new construction, (ii) job creation plans, including, but not limited to, the number of jobs to be created and the average wage rates for each category of such jobs, (iii) the potential for increasing state and municipal tax revenues from increased economic activity and increased employment, (iv) consumer and business services and other

House Bill No. 7108

benefits to the state, local community and citizens, and (v) such other matters as the commissioner may deem necessary or advisable.

(3) Any out-of-state bank, regardless of whether it has a branch in this state, may merge or consolidate with or acquire a branch in this state of an out-of-state bank that has a branch in this state.

(4) (A) Except as provided in this section, the laws of this state shall apply to any branch in this state of an out-of-state bank to the same extent as such laws would apply if the branch were a federal bank, provided the following laws shall apply to any branch in this state of an out-of-state bank to the same extent as such laws apply to a branch of a Connecticut bank: (i) Community reinvestment laws including sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws including sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to 36a-810, inclusive, (iii) fair lending laws including sections 36a-16, 36a-737, 36a-740 and 36a-741, and (iv) branching laws including sections 36a-23 and 36a-145.

(B) Except as provided in this section, an out-of-state bank, other than a federally-chartered out-of-state bank, that establishes a branch in this state may conduct any activity at such branch (i) if such activity is permissible under the laws of the home state of such out-of-state bank, and (ii) to the same extent as such activity is permissible for either a Connecticut bank or a branch in this state of a federally-chartered out-of-state bank. If the commissioner determines that a branch in this state of an out-of-state bank, other than a federally-chartered out-of-state bank, is being operated in violation of any applicable law of this state or in an unsafe and unsound manner, the commissioner may take any enforcement action authorized under this

House Bill No. 7108

title against such out-of-state bank to the same extent as if such branch were a Connecticut bank, provided the commissioner shall promptly give notice of such action to the home state banking regulator of such out-of-state bank and, to the extent practicable, shall consult and cooperate with such regulator in pursuing and resolving such action.

(5) Any out-of-state bank that merges or consolidates with or acquires the assets of a bank or establishes in this state a de novo branch shall be subject to the supervision and examination of the commissioner pursuant to regulations adopted by the commissioner in accordance with chapter 54 and shall make reports to the commissioner as required by the laws of this state. The commissioner may examine and supervise the Connecticut branches of any such out-of-state bank and may enter into agreements with other state or federal banking regulators or similar regulators in a foreign country concerning such examinations or supervision. Any such agreement may include provisions concerning the assessment or sharing of fees for such examination or supervision. Unless waived by the commissioner, the provisions of this section shall apply to the acquisition of the assets of any bank from the receiver of such bank by any out-of-state bank.

(6) No out-of-state bank may establish or maintain a branch in this state on the premises or property of an affiliate of such bank if the affiliate engages in commercial activities.

Approved May 7, 2007